As discussed above, AT&T has received these procedures in the New York DSL Collaborative, as well as in numerous state proceedings.

**III.10.B.3. Must Verizon implement electronic OSS that are uniform with regard to carrier interface requirements and implement line splitting contemporaneously with its implementation of such capabilities in New York, but in no event later than January 2002?**

While the Commission required ILECS "to make all necessary modifications to facilitate line splitting, including providing nondiscriminatory access to OSS necessary for pre-ordering, ordering, provisioning, maintenance and repair and billing for loops used in line splitting arrangements," as well as the "central office work necessary to deliver unbundled loops and switching to a competing carrier's physically or virtually collocated splitter that is part of a line splitting arrangement," it also recognized that the OSS modifications required to support line splitting will take some time to implement. The Commission reaffirmed this understanding in its order granting Verizon 271 approval in Massachusetts:

> The *Line Sharing Reconsideration Order* does not require Verizon to have implemented an electronic OSS functionality to permit line splitting. Rather, ***the Commission's Line Sharing Reconsideration Order recognizes that a state-sponsored xDSL collaboratives is the appropriate place for Verizon to evaluate how best to develop this functionality.*** For example, Verizon has represented that it is actively working on developing the OSS upgrades necessary to provide for electronic ordering of line-split services in the context of the New York Commission's xDSL collaborative. We recognize that Verizon has not, to date, implemented the OSS upgrades necessary to electronically process line-splitting orders in a manner that is minimally disruptive to existing voice customers; but that such functionality may require significant software upgrades and testing. ***It is undisputed that the parties in the New York DSL collaborative commenced discussion of line splitting over a year ago;***

> ***that in April 2000 Verizon formally posed numerous questions to competitors concerning their business rules for line splitting; and that in August 2000, competitive LECs submitted their initial detailed business rules to Verizon.*** Thus it appears that Verizon has the necessary information to implement the necessary OSS upgrades. Verizon has been able to provide its customers line-shared DSL service for approximately two years. ***Our Line Sharing Reconsideration Order is fulfilled by Verizon's adoption of an implementation schedule for line splitting as directed by the New York Commission that will afford competitors the same opportunities.***
>
> We note that in response to WorldCom's concerns, Verizon has agreed upon an implementation schedule to offer line splitting-specific OSS capabilities under the supervision of the New York Commission. In June of this year we expect that Verizon will conduct a preliminary OSS implementation in New York using new OSS functionality to add data service to an existing UNE-P customer. In October, Verizon has committed to implement, in the Verizon East territory including Massachusetts, the new OSS capability necessary to support migrations from line sharing to line splitting arrangements consistent with the business processes defined in the New York DSL collaborative. Consistent with their plans and with the guidance of the New York DSL collaborative, Verizon plans to offer OSS capability necessary to support UNE-P migrations to line splitting by October 2001.[37]

Verizon is implementing electronic OSS that are uniform with regard to carrier interface requirements based on the results of the New York DSL Collaborative, and commits in its proposed contract language to implement line splitting consistent with the implementation of such capabilities in New York. As explained in the Advanced Services Panel's Direct Testimony, this functionality includes OSS modifications that will enhance the process for a CLEC with an existing UNE-P arrangement to submit an order to add data to the line. The

[37] *Massachusetts 271 Approval Order* ¶¶ 180-181 (emphasis added, footnoted omitted).

second enhancement Verizon is currently working on enhances the process for migrating from a line sharing arrangement to a line splitting arrangement.

To the extent systems differ between New York and Virginia that cause different enhancements to be made, implementation in Virginia cannot be contemporaneous with New York. However, Verizon expects to have enhancements in place in Virginia shortly after the New York enhancements are completed.

**III.10.B.4. Must Verizon provide automated access to all loop qualification data to AT&T simultaneously with providing automated access to itself or any other carrier, including non-discriminatory treatment with regard to planning and implementation activities preceding delivery of the automated access?**

In its *Massachusetts 271 Approval Order*, the Commission outlined Verizon VA's requirements for providing access to loop qualification data:

> As the Commission required of SWBT in the recent *SWBT Kansas/Oklahoma Order*, we require Verizon to demonstrate that it provides access to loop qualification information in a manner consistent with the requirements of the *UNE Remand Order*. In particular, we require Verizon to provide access to loop qualification information as part of the pre-ordering functionality of OSS. In the *UNE Remand Order*, the Commission required incumbent carriers to provide competitors with access to all of the same detailed information about the loop available to themselves, and in the same time frame as any of their personnel could obtain it, so that a requesting carrier could make an independent judgment at the pre-ordering stage about whether a requested end user loop is capable of supporting the advanced services equipment the requesting carrier intends to install. Under the *UNE Remand Order*, Verizon must provide carriers with the same underlying information that it has in any of its own databases or internal records. The relevant inquiry as required by the

> *UNE Remand Order* is not whether Verizon's retail arm or advanced services affiliate has access to such underlying information but whether such information exists anywhere in Verizon's back office and can be accessed by any of Verizon's personnel. Moreover, Verizon may not "filter or digest" the underlying information and may not provide only information that is useful in the provision of a particular type of xDSL that Verizon offers. Verizon must provide loop qualification information based, for example, on an individual address or zip code of the end users in a particular wire center, NXX code or on any other basis that Verizon provides such information to itself. Verizon must also provide access for competing carriers to the loop qualifying information that Verizon can itself access manually or electronically. Finally, Verizon must provide access to loop qualification information to competitors "within the same time frame that any incumbent personnel are able to obtain such information," including any personnel in its advanced services affiliate, Verizon Advanced Data, Inc. (VADI).[38]

As explained in the Advanced Services Panel's Direct testimony, Verizon VA's proposed interconnection agreement language fulfills its obligations under the *UNE Remand Order*.[39]

**III.10.B.5. May Verizon require AT&T to pre-qualify a loop for xDSL functionality?**

Yes. Verizon VA explained in its Direct Testimony in this proceeding why loop pre-qualification should be required.[40]

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[38] *Massachusetts 271 Approval Order* at ¶ 54; *see also Connecticut 271 Approval Order* at ¶ 54.

[39] Advanced Services Panel Direct Testimony at 17-20.

[40] *Id.* at 20-23.

**III.10.B.5.a. If AT&T elects not to pre-qualify a loop and the loop is not currently being used to provide services in the HFS, but was previously used to provide a service in the HFS, should Verizon be liable if the loop fails to meet the operating parameter of a qualified loop?**

For the reasons outlined in Verizon VA's Direct Testimony in this proceeding, the answer must be no.[41]

**III.10.B.6. May AT&T, or its authorized agent, at its option provide the splitter functionality in virtual, common (*a.k.a.* shared cageless) or traditional caged physical collocation?**

Verizon VA's line sharing Option 1 permits AT&T to install its splitters in its own collocation space within a central office, and places no limitations on the type of collocation arrangement AT&T may have.[42] Under Verizon VA's line sharing Option, 2 AT&T's splitter would be installed in Verizon VA's space in a relay rack in a virtual collocation arrangement. Both of these splitter location options apply to Verizon VA's line splitting service descriptions developed in the New York DSL Collaborative.

**III.10.B.7. If Verizon declines to do so voluntarily, must Verizon, at AT&T's request, deploy a splitter on a line-at-a-time basis as an additional functionality of the loop within 45 days of the Commission's order in a proceeding of general application?**

Implicitly recognizing Verizon VA's right to refuse to purchase splitters for AT&T, Issue III.10.B.7 seeks a commitment that within 45 days of any Commission order imposing an obligation on ILECs to own splitters, that Verizon

[41] *Id.* at 21-23.

[42] Verizon-proposed interconnection agreement to AT&T § 11.2.17.4.

VA will deploy such a splitter on a line-at-a-time basis. Verizon VA finds such a commitment premature.

The Commission has already found that under its current rules, ILECs are not required to own splitters, and that splitters are not part of the features and functionalities of a loop. In the *Line Sharing Order*, the Commission found that incumbents may ***choose*** to own and provide splitters to CLECs, but they are under no obligation to do so.[43] In its *SBC Texas 271 Order,* the Commission squarely rejected AT&T's argument that splitters are part of the features and functionalities of the loop that an ILEC must provide:

> We reject AT&T's argument that [SBC] has a present obligation to furnish the splitter when AT&T engages in line splitting over the UNE-P. The Commission has never exercised its legislative rulemaking authority under section 251(d)(2) to require incumbent LECs to provide access to the splitter, and ***incumbent LECs therefore have no current obligation to make the splitter available.*** As we stated in the *UNE Remand Order*, "with the exception of Digital Subscriber Line Access Multiplexers (DSLAMs), the loop includes attached electronics, including multiplexing equipment used to derive the loop transmission capacity." We separately determined that the DSLAM is a component of the packet switching unbundled network element. We observed that 'DSLAM equipment sometimes includes a splitter' and that, "[i]f not, a separate splitter device separates voice and data traffic." We did not identify any circumstances in which the splitter would be treated as part of the loop, as distinguished from being part of the packet switching element. That distinction is critical, because we declined to exercise our rulemaking authority

[43] *Line Sharing Order* at ¶ 76 ("incumbent LECs may maintain control over the loop and splitter equipment").

> under section 251(d)(2) to require incumbent LECs to provide access to the packet switching element. . . .[44]

The FCC concluded that:

> The *UNE Remand Order* cannot fairly be read to impose on incumbent LECs an obligation to provide access to their splitters. Indeed, the only discussion of the splitter appeared in a discussion of a network element (the packet switching element) that we decided not to unbundle, . . . .[45]

Thus, under the Commission's current rules, Verizon has no obligation to provide splitters to the CLECs.[46] Should the Commission change its current rules, Verizon VA's proposed interconnection agreement includes a change of law provision that would govern implementation of any new obligations.

Nor should this Commission—sitting as the Virginia Commission—impose any additional requirement that Verizon VA own splitters on behalf of AT&T.

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[44] *In re Application by SBC Communications Inc. Pursuant to Section 271 of the Telecommunications Act of 1996 to Provide In-Region, InterLATA Services in Texas,* Memorandum Opinion and Order, 15 F.C.C.R. 18354 (2000) (*"SBC Texas 271 Order"*) at ¶ 327 (emphasis added).

[45] *Id.* at ¶ 328.

[46] In the *Line Sharing Reconsideration Order,* the Commission noted that it expects to further address issues closely associated with line splitting—including splitter ownership—in upcoming proceedings where the record better reflects these complex issues. For example, in the *Fifth Further NPRM* (also known as the New Networks proceeding), the Commission is examining the nature and type of electronics that are or may be attached to a loop, and whether or not attached equipment that is used for both voice and data services (*e.g.*, the splitter) should be included in the definition of the loop. The Commission found that it has a more extensive record on these issues elsewhere and, as a result, intends to discuss them further in more recently initiated rulemaking proceedings. *Line Sharing Reconsideration Order* at ¶ 25.

Commission Rule 317,[47] entitled "Standards for Requiring the Unbundling of Network Elements," establishes specific factors that state commissions must consider before ordering the unbundling of additional network elements.[48] Rule 317(b) provides the analytical framework that a state commission *must* undertake to determine whether the lack of access to a non-proprietary network element impairs a carrier's ability to provide the service the carrier seeks to offer.[49] Under this provision a state commission must conduct a thorough review of a number of elements related to cost, timeliness, quality, ubiquity and impact on network operations. In conducting this analysis, the Commission indicated that the state commission should not focus on the operations of one CLEC, but rather should look at the effect on other CLECs seeking to offer the same service.[50] Such an analysis would not support AT&T's requests for ILEC-owned splitters.

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[47] Rule 317 was one of the revised rules that the Commission promulgated in the *UNE Remand Order*. The rule assumes that the network elements to be unbundled already exist in the ILEC's network. As noted above, Verizon has no splitters in its network beyond those it provided to CLECs to facilitate implementation of the Commission's *Line Sharing Order*, and splitters are not network elements.

[48] Rule 317(d) states that "[a] state commission must comply with the standards set forth in this [section] when considering whether to require the unbundling of additional network elements." The requirements of Rule 317 cannot be evaded by classifying the splitter as a functionality of the loop. As noted above, the *SBC Texas 271 Order* did not find that the splitter was part of the loop. *SBC Texas 271 Order* at ¶ 327. If CLECs and DLECs want the splitter to be supplied on demand, they must demonstrate that the splitter is a separate network element and that they will be impaired if they do not have access to ILEC splitters. *See Line Sharing Order* at ¶ 17, n.29. However, because CLECs and DLECs can obtain access to splitters from other DLECs or splitter vendors, no party can make this showing.

[49] *Id.*

[50] *See UNE Remand Order* ¶¶ 53-54, 65; *id.* ¶ 53 ("the existence of some significant levels of competitive facilities deployment is probative of whether competitive LECs are impaired from providing service within the meaning of section 251(d)(2)").

There is no public policy justification to require Verizon VA to purchase splitters for AT&T's use. Rule 317(c) outlines five public policy concerns that a state commission may consider in determining whether to require the unbundling of any network element. For example, commissions may consider whether unbundling the network element promotes the "rapid introduction of competition" or "promotes facilities based competition, investment and innovation."[51] These public policy concerns favor CLEC, not ILEC, ownership of splitters.

AT&T's simply seeks for Verizon VA to voluntarily absorb a share of AT&T's business risks without offering Verizon VA a share of the returns. Verizon VA should not be placed in the position of financing and administering a changing array of splitter types for use by various CLECs when those CLECs are perfectly capable of determining their own needs and acting accordingly. This is especially true in light of the rapid evolution of technology and the changing varieties of splitters and CLEC demands this evolution will create. Verizon VA should not be placed in the position of indefinitely having to finance and bear the risk of stranded splitter investment caused by CLEC attempts to keep up with these changes by demanding the most recent splitter innovation.

[51] *Id.*

Second, Verizon VA ownership of splitters certainly would not promote facilities-based competition.[52] The Commission emphasized that "line sharing relies on rapidly evolving technology," and is intended to "stimulate technological innovation" even more.[53] An ILEC-owned splitter would clearly hinder facilities-based competition and technological innovation by putting Verizon VA in charge of selecting the types of splitters and the time tables for their implementation. Moreover, AT&T made no secret of its overall business plan to use telephone lines only on an interim basis, pending its movement to the provision of voice, data, and video services over cable television lines. While AT&T is currently undergoing a restructuring, it has made clear that it has no current plans to sell its Broadband business, but to move forward with its restructuring plan.[54] Clearly, AT&T's interest in this issue is connected to (i) its recognition that its business plan will entail the stranding of the "interim" splitter assets, and (ii) its preference that this burden should be borne by someone other than its own shareholders.[55]

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[52] *See* Rule 317(c)(2); *see also UNE Remand Order* at ¶ 110 ("consumers benefit when carriers invest in their own facilities because such carriers can exercise greater control over their networks thereby promoting the availability of new products that differentiate their services in terms of price and quality").

[53] *Line Sharing Order* at ¶ 26.

[54] News Release, AT&T, "Response to Comcast" (July 9, 2001) (http://www.att.com/press/item/0,1354,3906,00.html). AT&T's restructuring plan retains AT&T Broadband as a member of the AT&T family. *See* News Release, AT&T, "AT&T To Create Family Of Four New Companies; Company To Offer To Exchange AT&T Common Stock For AT&T Wireless Stock" (October 25, 2000) (http://www.att.com/press/item/0,1354,3420,00.html).

[55] Even absent the cable vs. telephone lines issue, stranding could be caused by CLEC migration to other data access technologies (such as wireless), or simply to more advanced splitter equipment. Rapid technological evolution of splitters and other advanced services

(continued...)

Third, Verizon VA ownership of the splitter would not reduce regulation or be administratively practical to apply.[56] It is doubtful that the carriers that are or may be interested in line sharing or line splitting could ever agree initially or in the future on the particular type of splitter to be installed. Also, ILEC ownership is administratively inefficient and cumbersome in view of the (i) expanded central office wiring required to implement ILEC ownership of splitters, (ii) the absence of any reliable forecasts of aggregate or individual CLEC line-sharing/splitter demand, and (iii) the variety of types of splitters that incumbents could be required to maintain in inventory.

Finally, if CLECs feel that sharing splitters is more efficient for them, nothing prevents the CLECs themselves from provisioning splitters to and among themselves in line-at-a-time increments, including sharing splitters in order to minimize their expenses. For instance, AT&T—or any other CLEC or DLEC—could buy splitters, place them in Verizon VA's central office(s), and let other CLECs use them on a line-at-a-time basis. Alternatively, if there are benefits to

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equipment can be expected as market penetration of advanced services increases. Clearly, this risk of stranding of advanced services assets should be borne by the carriers who are providing those services and reaping the rewards associated therewith. ILECs are not required to serve as stranded-investment insurers for CLECs. This is not simply a hypothetical risk. In the former GTE states, in order to facilitate implementation by June 6, 2000, and in order to facilitate the CLECs' ability to line share, GTE embarked on a collaborative effort with the CLECs to identify and prioritize offices for initial deployment and for temporary ILEC-owned splitter deployment. As part of this initial deployment effort, four CLECs provided forecasts for their line sharing demand and GTE purchased splitters to meet this forecast. These splitters were vastly underutilized. For example, in California, only 5% of the GTE-purchased splitters were utilized by CLECs.

[56] *See* Rule 317(c)(3) and (5).

shared use, a consortium of CLECs interested in line sharing or line splitting could buy the equipment together and share it—an arrangement similar to collocation today where CLECs may share their collocation cages. AT&T offers no justification—because there is none—for Verizon VA to own splitters on AT&T's behalf and provide them on a one-by-one basis according to AT&T's demand.

This Commission—sitting as the Virginia Commission—should not be persuaded by the Texas, Wisconsin or Indiana orders cited by AT&T. First, the recent Texas and Indiana arbitration orders cited by AT&T are flatly inconsistent with this Commission's ruling in the *SBC Texas 271 Order* that splitters are ***not*** part of the features and functionalities of a loop. Nor did those orders appear to have engaged in the impair analysis required to add to the unbundling requirements imposed by this Commission. Thus, it is Verizon VA's belief that those orders exceeded state commission authority under the Act to impose the additional requirement on SBC and Ameritech to provide splitters. Furthermore, Verizon VA notes that in each case, the order found it discriminatory for an ILEC to voluntarily provide a splitter in a line sharing scenario where the ILEC remained the voice provider, but to refuse to do so in a line splitting scenario where a CLEC provided voice service. Verizon VA, however, does not provide splitters under any circumstances, and thus does not engage in the discriminatory behavior observed by the Wisconsin, Texas, and Indiana orders.

Moreover, as explained in Verizon VA's Direct Testimony, far more states have refused to require ILECs to own splitters.

**III.10.B.8. Must Verizon perform cross-connection wiring at the direction of AT&T (or its authorized agent), including CLEC-to-CLEC cross-connections, regardless of who deploys a splitter or where it is deployed in a line sharing or line splitting arrangement?**

The Commission just released its *Advanced Services Remand Order* in Docket 98-147 on August 8, 2001.[57] Verizon VA is in the process of reviewing this Order to determine what effect, if any, it will have on Verizon VA's proposed interconnection agreement language. Consequently, Verizon VA reserves the right to supplement its testimony (including the submission of oral testimony at any hearings) on this issue. Verizon VA notes, however, that AT&T's proposed § 1.11.2 is inconsistent with the Commission's conclusion that CLECs are not permitted to self-provision cross connects.

**III.10.B.9. Must Verizon implement line sharing/splitting in a manner consistent with that ordered in New York?**

Yes. This is precisely what Verizon VA's proposed line splitting language proposes to do.

**III.10.B.10. Must Verizon allow AT&T to collocate packet switches in collocation space?**

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[57] *In the Matter of Deployment of Wireline Services Offering Advanced Telecommunications Capability*, CC Docket 98-147, FCC 01-204, Fourth Report and Order (rel. Aug. 8, 2001) ("*Advanced Services Remand Order*").

Verizon VA is in the process of reviewing the Commission's *Advanced Services Remand Order* to determine what effect, if any, it will have on Verizon VA's proposed interconnection agreement language. Verizon VA therefore reserves the right to supplement its testimony (including the submission of oral testimony at any hearings) on this issue. As a initial matter, Verizon notes that by requiring Verizon VA to permit collocation of any AT&T equipment "that performs packet switching or contains packet switching as one function of multi-function equipment" subject only to NEBS Safety standards, AT&T's proposed § 1.11.3 appears to exceed the scope of the "necessary" standard and the criteria for collocation of multifunction equipment adopted by the *Advanced Services Remand Order*.

**III.10.B.11. Must Verizon support the loop-local switch port-shared transport combination in a manner that is indistinguishable from the operational support Verizon delivers to the retail local voice services Verizon provides in a line sharing configuration, including cases where Verizon shares a line with Verizon Advanced Data, Inc., or another Verizon affiliate, or any unaffiliated carriers, if a loop facility in a line splitting configuration is connected to Verizon's unbundled local switching functionality?**

No. Again, AT&T ignores the operational differences between line sharing and line splitting.

**III.10.B.12. Is a period of thirty (30) business days adequate for Verizon to provide augmentations to existing collocations to enable AT&T to engage in line sharing or line splitting?**

Verizon VA and AT&T are still negotiating this issue, and may be able to reach agreement on an interval for providing augments to existing collocations to

support line sharing or line splitting. Verizon VA reserves the right to supplement its testimony (including the submission of oral testimony at any hearings) on this issue should the parties fail to reach an agreement.

**III.10.B.13. In circumstances where it is technically feasible to convert an existing line sharing arrangement to a line splitting arrangement without physical disruption of then-existing service to the end user, must Verizon institute records-only changes to record the necessary transfer of responsibilities, without making any changes to the physical facilities used to service the customer, unless AT&T requests otherwise?**

As described above, conversion of line sharing to line splitting involves more than just a records change, and some migrations from line sharing to line splitting will involve some physical work and disruption to the end user. The New York DSL Collaborative, through its current pilot, is striving to minimize these disruptions and address whether and under what circumstances changes will be required to the physical facilities used to service the end user. However, Verizon VA is planning to perform conversions without changing the physical facilities where technically feasible.

**III.10.B.14. In circumstances where the establishment of a line sharing or line splitting configuration requires physical re-termination of wiring, must Verizon make such changes in a manner that assures that no less than parity is achieved for AT&T and its customers with respect to out-of-service intervals and all other operational support, as compared to line sharing or line splitting configurations that have equivalent splitter deployment options?**

This issue is being addressed by the New York DSL Collaborative, and Verizon VA will comply with the metrics and intervals specifically developed in that forum for this type of scenario.

**III.10.B.15. May Verizon require any form of collocation by AT&T as a pre-requisite to gaining access to the low frequency spectrum of a loop, the high frequency spectrum of the loop, or both, unless such collocation is required to place equipment employed by AT&T (or its authorized agent) to provide service?**

Verizon VA does not require AT&T to collocate as a prerequisite to gaining access to the low frequency spectrum of a loop, the high frequency spectrum of a loop, or both except to the extent that a data provider—whether AT&T or an authorized agent—must physically or virtually collocate a splitter and DSLAM equipment to provide data services. A voice provider engaged in a line splitting scenario, however, does not need any additional collocation arrangement where it uses a loop and switch port combination provided by Verizon VA to provide voice service.

**Q. WHY SHOULD THE COMMISSION REJECT AT&T'S PROPOSED CONTRACT LANGUAGE REGARDING LOOP QUALIFICATION?**

A. AT&T's proposed § 1.3.4 is unnecessary. The New York DSL Collaborative is addressing loop qualification issues in an effort to ensure that all CLECs use the same loop qualification procedures when ordering from Verizon. As a participant in the collaborative, AT&T is already involved to a certain extent in the planning of any modifications to available data compilations or procedures. Nothing in the Act requires Verizon VA to involve AT&T or any other entity any further in the planning or implementation of any processes.

Moreover, AT&T's attempt to require pre-qualification interface(s) to be "uniform across all of the states served by Verizon" ignores the fact that the OSS

that serve the former GTE and the former Bell Atlantic territories will remain separate, and that integration of the Pennsylvania and Virginia systems will take some time.

**Q. HAS ANY OTHER STATE COMMISSION REJECTED AT&T'S PROPOSAL TO USE ITS OWN PRE-QUALIFICATION TOOLS?**

A. Yes. In its recent order resolving arbitration issues between AT&T and Verizon NY, the New York Commission ruled as follows:

> Loop pre-qualification matters are being addressed in the DSL Collaborative Proceeding (Case 00-C-0127) that began in August 1999. If we were to approve AT&T's proposal to use its own pre-qualification tools, Verizon would have to modify its system that other CLECs also use, and the company would incur added expenses. ***We find that the prevailing system that has been designed for all carriers is adequate***. However, to the extent that it is technically feasible to modify the requisite systems to ***accommodate both AT&T's needs and those of the other CLECs, and if AT&T is willing to pay for the modifications***, Verizon should make them.[58]

Verizon VA agrees that only those modifications that are technically feasible, accommodate the needs of all CLECs, and that the CLECs commit to paying for should be made to its systems. Verizon VA's loop qualification procedures have been developed through a collaborative process with these goals in mind.

[58] Joint Petition of AT&T Communications of New York, Inc., TCG New York Inc. and ACC Telecom Corp. Pursuant to Section 252(b) of the Telecommunications Act of 1996 for Arbitration to Establish an Interconnection Agreement with Verizon New York Inc., CASE 01-C-0095, Order Resolving Arbitration Issues (N.Y.P.S.C. July 30, 2001) ("*NY AT&T/Verizon Arbitration Order*") at 55 (emphasis added).

**Q. IS IT POSSIBLE TO PROVIDE AT&T WITH PRE-ORDERING INFORMATION THAT INFORMS AT&T WHETHER A LOOP HAS BEEN PREVIOUSLY PRE-QUALIFIED OR CONDITIONED BY OR ON BEHALF OF ANY OTHER CARRIER?**

A. No. The xDSL Loop Qualification Database ("LQD") does not advise CLECs whether an address or telephone number was previously pre-qualified for xDSL by or on behalf of any other Carrier. The xDSL LQD also does not provide loop qualification information on conditioned loops because conditioned loops are ordered as Digitally Designed Loop ("DDL") service and not as xDSL. The xDSL LQD is designed to provide loop qualification information only for xDSL, and does not reflect conditioning on DDL. However, Verizon's engineering records would be updated to reflect the results of any conditioning performed (*e.g.* removal of loads). However, Verizon's updated engineering records do not indicate that conditioning had been performed by or on behalf of any other Carrier.

**Q. WHERE A LOOP HAS BEEN PRE-QUALIFIED OR CONDITIONED FOR ANY OTHER CARRIER, SHOULD VERIZON VA BE RESPONSIBLE FOR THE PERFORMANCE OF THAT LOOP WHETHER OR NOT AT&T PRE-QUALIFIES THE LOOP?**

A. For the reasons outlined in Verizon VA's Direct Testimony[59], no. Moreover, AT&T's proposal ignores two years worth of work in the New York DSL

[59] Advanced Services Panel Direct Testimony at 22-23.

Collaborative with regard to digital loop provisioning and performance. In that proceeding, some CLECs claimed that they wanted to "customize" the characteristics of the loop to support their own product offerings. However, one CLEC's customization of a loop may not be compatible with another CLEC's product offering. As a result, loop pre-qualifications would still have to be performed, and conditioning options would still need to be available to requesting CLECs. Verizon VA should not be held responsible for loop alterations made by one CLEC when another CLEC takes over the loop.

**Q. ARE VERIZON VA'S LOOP QUALIFICATION PROCEDURES LENGTHY AND EXPENSIVE AS SUGGESTED AT PAGE 128 OF AT&T WITNESS PFAU'S TESTIMONY?**

A. No. In a majority of cases, AT&T will be able to perform a mechanized loop pre-qualification, which takes seconds to perform for a minimal cost. Indeed, 97% of the central offices in Virginia that currently have collocation arrangements (representing 99.5% of the lines) are in the loop qualification database. In those instances where an Engineering Query is necessary, the results are returned within 3 business days.

## B. RESPONSE TO WORLDCOM

**Q. AT PAGE 26 OF THE DIRECT TESTIMONY OF MESSRS. GOLDFARB, BUZACOTT AND ROY LATHROP ("WORLDCOM'S ADVANCED SERVICES PANEL") WORLDCOM RECOMMENDS THAT THE COMMISSION DELETE THE WORD "COPPER" FROM VERIZON**

**VA'S DEFINITION OF LINE SHARING AND LINE SPLITTING. IS THIS APPROPRIATE?**

A. No. Verizon VA's definition of line sharing and line splitting is consistent with the Commission's definition of the high frequency portion of the loop ("HFPL"), and recognizes the fact that xDSL services are limited by technology to the copper portion of a loop. Commission Rule § 51.319(h)(1) defines the HFPL as "the frequency range above the voiceband on a *copper* loop facility that is being used to carry analog circuit-switched voiceband transmissions."[60] While the Commission clarified that the requirement to provide line sharing applies to the entire loop, even where the incumbent has deployed fiber in the loop (*e.g.*, where the loop is served by a remote terminal), it also recognized that "the high frequency portion of the loop network element is limited by technology, *i.e.*, is only available on a copper loop facility."[61]

As explained in Verizon VA's Direct testimony, Verizon VA's proposed contract does provide access to the HFPL that is served by fiber.[62] However, access to the HFPL of a fiber loop cannot be provisioned in an identical manner as on an all copper loop facility. By addressing these scenarios in separate sections of the contract, Verizon VA's proposed definitions recognize this distinction.

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[60] 47 C.F.R. § 51.319(h)(1).

[61] *Line Sharing Reconsideration Order* at ¶ 10.

[62] *See* Advanced Services Panel Testimony at 42-47.

**Q. EXCEPT FOR THE DEFINITIONS OF LINE SHARING AND LINE SPLITTING, HAVE WORLDCOM AND AT&T REACHED AGREEMENT ON THE PROVISIONING OF ACCESS TO THE HFPL?**

A. It appears that in principal the parties may have reached agreement. WorldCom Advanced Services Panel's Direct Testimony at 22 states that it has amended its proposed contract language on line sharing and line splitting, and now only proposes the language outlined in its July 19, 2001 letter to the Commission. Verizon VA is in the process of reviewing and negotiating this language with WorldCom, and believes that the parties can reach agreement on Issue III-10. Verizon AV reserves the right to supplement its testimony (including the submission of oral testimony at any hearings) is the parties fail to reach agreement on this issue.

**Q. WORLDCOM'S ADVANCED SERVICES PANEL AT 26-27 POINTS OUT THAT VERIZON IS CONSIDERING A WHOLESALE xDSL AT THE RT OFFERING SIMILAR TO SBC'S PROJECT PRONTO OFFERING. HAS VERIZON MADE ANY DEFINITIVE DECISION TO MOVE FORWARD WITH SUCH AN OFFERING?**

A. No. Verizon will deploy DSLAM functionality only where it makes business and economic sense to do so. First, only some remote terminals are equipped with DLC technology that may be upgradeable to support DSLAM functionality. The rest have older generation subscriber carrier systems that may not be upgradeable at all or that cannot be upgraded without overlaying new equipment. Second, for xDSL to be economical at a specific remote terminal, there must be sufficient

amount of xDSL usage. Third, an ILEC would be required to perform a site-by-site evaluation of its remote terminal to determine if each could be used in this way (if spare channel banks are available for integrated line cards, spare fiber is available for transport to central office, power and environmental capacity are available, etc.). This architecture might be a practical method to economically deploy xDSL capabilities at the remote terminal in certain situations, *i.e.*, where sufficient demand exists and the specific conditions of the remote terminal permit the deployment of xDSL functionality. Finally, any level of deployment would depend on Verizon's being able to recover its costs through compensatory rates.

**Q. IF VERIZON VA UPGRADES ITS NETWORK TO PROVIDE xDSL-BASED SERVICES USING LOOPS SERVED BY FIBER-FED DLC, WILL IT PROVIDE CLECS ACCESS TO THOSE FACILITIES ON THE SAME TERMS AND CONDITIONS AS IT GRANTS TO ITS AFFILIATES?**

A. Yes.

## III. ISSUE V-6: UNDER WHAT TERMS AND CONDITIONS MUST VERIZON PROVIDE AT&T WITH ACCESS TO LOCAL LOOPS WHEN VERIZON DEPLOYS NEXT GENERATION DIGITAL LOOP CARRIER (NGDLC) LOOP ARCHITECTURE?

**Q. DOES VERIZON VA'S PROPOSED INTERCONNECTION AGREEMENT TO AT&T PROVIDE ACCESS TO LOOPS SERVED BY DLC?**

A. Yes. Verizon VA's proposed interconnection agreement includes DLC served loops within those loops to which Verizon VA provides unbundled access under § 11.2 with one exception. Section 11.7.6 governs loops that are served by

Integrated Digital Loop Carrier ("IDLC"), which is defined in § 1.39 as a subscriber loop carrier system which integrates within the switch at a DS 1 level that is twenty-four (24) Loop transmission paths combined into a 1.544 Mbps digital signal. Under § 11.7.6, if AT&T orders one or more loops provisioned over IDLC or remote switching technology deployed as a loop concentrator, Verizon VA shall, where available, move the requested loop(s) to a spare physical loop, if one is existing and available, at no additional charge to AT&T. If, however, no spare physical loop is available, Verizon VA shall within three business days of AT&T's request notify AT&T of the lack of available facilities. AT&T may then at its discretion make a Network Element Bona Fide Request to Verizon VA to provide the unbundled loop through the demultiplexing of the integrated digitized loop(s). AT&T may also make a Network Element Bona Fide Request for access to unbundled local loops and the loop concentration site point.

Verizon VA also proposes sub-loop arrangements and line and station transfers to provide access to the HFPL where DLC has been deployed.[63]

**Q. WHY MUST VERIZON VA MOVE A REQUESTED LOOP TO A SPARE PHYSICAL LOOP WHERE THE LOOP IS SERVED BY IDLC?**

A. In an IDLC architecture, a group of 24 voice channels are multiplexed onto a single DS-1 facility that terminates directly into the switch in the central office through a central office terminal. There is no physical appearance of the

[63] *See id.* at 42 - 47.

unbundled loop at the main distribution frame in the central office. At the present time, Verizon VA has no equipment capable of extracting an individual voice channel from the DS-1 facility. Consequently, a single loop cannot be unbundled. Thus, to provide AT&T access to a single unbundled loop to one end user, Verizon VA must either move the loop to a spare facility, or demultiplex the loop.

**Q. IS AT&T'S DEFINITION OF NGDLC LOOPS CONSISTENT WITH THE COMMISSION'S DEFINITION OF A LOCAL LOOP?**

A. No. AT&T defines NGDLC loops to include "line cards, DSLAM functionality, line splitters (whether or not integrated with the DSLAM), other remote terminal electronics, and the functionality resident in Verizon's central office that multiplexes and/or demultiplexes, aggregates and/or disaggregates commingled communications to permit exchange of communications between the retail customer's premises and the network of the retail customer's chosen service provider."[64] As explained in Verizon's Direct testimony, the Commission, has made clear on several occasions that the local loop does not include all of these facilities.[65]

**Q. IN ADDITION TO THE REASONS OUTLINED IN VERIZON VA'S DIRECT TESTIMONY, WHY SHOULD THE COMMISSION REJECT AT&T'S PROPOSED CONTRACT LANGUAGE ON NGDLC LOOPS?**

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[64] AT&T proposed Schedule 11.2 § 2.4.6(c).

[65] Verizon VA Advanced Services Panel Testimony at 64-67.

A. As AT&T readily admits, the Commission is addressing the legal, technical, and operational aspects of issues surrounding access to the high frequency portion of fiber served loops. Verizon VA's interconnection agreements should not prejudge that examination. Even if this Commission were to address this issue in this arbitration, evidence in its rulemaking proceeding overwhelmingly makes clear that AT&T's proposed contract language should be rejected.

**Q. PLEASE ELABORATE ON THIS EVIDENCE.**

A. Verizon VA refers to, and incorporates by reference the following filings made by Verizon, which are attached as Rebuttal Exhibits ASP-5 - 8:

- **Rebuttal Exhibit ASP-5.** ***Verizon's October 12, 2000 Comments in CC Dockets 98-147 and 96-98.*** These comments demonstrate that expanding ILEC unbundling obligations into the advanced services arena will discourage the deployment of advanced technologies and services. Specifically, there is no basis for imposing any unbundling requirements on electronics, whether or not they are used for advanced services.

- **Rebuttal Exhibit ASP-6.** ***Verizon's November 14, 2000 Reply Comments in CC Dockets 98-147 and 96-98.*** These comments and the attached declaration of Charles Kiederer demonstrate that line sharing obligations on ILEC's DLC systems between the central office and the remote terminal is not technically possible. This is because, where DLC is present, voice and data signals can occupy the same transmission path only on the copper portion of the line nearest to the customer's premises. Once the signals enter the remote terminal and encounter the DLC electronics, they must take separate transmission paths to the central office, because the DLC transmission path allocated for the voice signal cannot practically support the transmission of packetized data.

- **Rebuttal Exhibit ASP-7.** ***Verizon's February 27, 2001 Comments in CC Dockets 98-147 and 96-98.*** Verizon's comments demonstrate why the Act's unbundling obligations should not be extended into the broadband world. Such requirements would only create additional disincentives for ILECs to deploy broadband capabilities. Moreover, the "impairment" test cannot be met for broadband transport because the broadband marketplace is competitive, and alternatives are available. Verizon's comments also demonstrate that a fiber transport facility between packet switching capabilities in ILEC central offices and the DSLAM functionality in

remote terminals, at this point, does not exist in Verizon's network. The Commission does not have the authority to require ILECs to upgrade their networks for CLECs by adding such facilities, as § 251 of the Act requires only that a carrier provide access to existing network elements — there is no requirement that an ILEC must build new network capabilities for the purpose of unbundling that network for its competitors. Similarly, the Act does not require that an ILEC build and unbundle a network that is superior to its existing network. Verizon's comments also demonstrate that the joint use of the fiber feeder between the central office and the remote terminal does not fall within the definitions of the local loop UNE or shared transport.

- **Rebuttal Exhibit ASP-8.** ***Verizon's March 13, 2001 Reply Comments in CC Dockets 98-147 and 96-98.*** These comments confirm that the Commission's existing rules do not require ILECs to provide an unbundled network element that includes a copper loop, DSLAM capability at a remote terminal and fiber distribution plant. Contrary to AT&T's claims, the definition of the local loop does not include DSLAMs and optical concentration devices ("OCDs"), and that the new loop-plus-intermediate-DSLAM network element that AT&T seeks does not meet the unbundling standards of the Act.

**Q. IN HIS SUMMARY OF AT&T'S FILINGS WITH THE COMMISSION ON THIS SUBJECT, AT&T WITNESS PFAU STATES ON PAGE 142 OF HIS DIRECT TESTIMONY THAT ILECS WOULD HAVE SIGNIFICANT INCENTIVES TO DEPLOY NGDLC LOOPS EVEN IF REQUIRED TO PROVIDE THEM AS UNES. IS HE CORRECT?**

A. Not entirely. ILECs may have an incentive to deploy NGDLC for the provisioning of POTS services, but not necessarily NGDLC with DSLAM functionality. In comments filed in the same proceeding, Catena Networks correctly observed that

> incumbent carriers will have little or no incentive to make capital investments in DSL technologies if they are required to provide their competitors access to those capabilities at prices that are below cost.

Verizon VA, for one, would be disinclined to deploy fiber from the central office to the remote terminal and to install DSLAM functionality in the remote terminal if it was going to have to provide those facilities to its competitors as part of a UNE at TELRIC-based prices. In fact, no rational carrier would spend money to deploy new capabilities if they were then required to be unbundled and offered on those terms. TELRIC pricing has a chilling effect on network investment and on modernization of the loop and inhibits competitive network growth. Only where a carrier is given an opportunity to recover its costs and earn a return commensurate with the risk of deploying this technology would the carrier invest the money in them.

**Q. SHOULD THE COMMISSION GIVE ANY WEIGHT TO THE TEXAS ARBITRATOR'S JULY 13, 2001 ORDER REFERENCED BY AT&T?**

A. No. First, Verizon VA notes that the Arbitrator's decision in Texas addressed whether or not to unbundle SBC's Project Pronto or permit line card collocation. The Texas Arbitrator unbundled Pronto in part because it found the Commission's conditions for unbundling packet switching packet switching had been met by SBC in Texas. As Verizon VA made clear in its Direct Testimony, Verizon VA does not have a Project-Pronto-like NGDLC architecture or any functionally similar architecture deployed in Virginia. Nor can Verizon VA be required to deploy such an architecture to satisfy AT&T's business needs. Indeed, Verizon VA is currently prohibited from owning certain equipment necessary to deploy such an architecture (OCD equipment and ADLU line cards).

Second, as Verizon VA has demonstrated in its Direct Testimony, the Commission's four conditions for unbundling packet switching cannot be met for Verizon VA.

**Q. HAS ANY OTHER COMMISSION REJECTED AT&T'S PROPOSED NGDLC LANGUAGE?**

A. Yes, in a far more relevant proceeding, the New York Commission rejected the very arguments made by AT&T here, stating as follows:

> The Commission finds that it is premature to consider the inclusion of any NGDLC provisions in the new agreement given the current status of this technology and pending its regulatory review. Similarly, we did not require the provision of NGDLC loops on a UNE basis in the DSL Collaborative Proceeding. We find that this matter can be better addressed in the DSL Collaborative Proceeding if and when Verizon makes these loops available to competitors.[66]

## IV. ISSUE V-9: RESALE OF ADVANCED SERVICES

**Q. SHOULD VERIZON VA'S INTERCONNECTION AGREEMENT WITH AT&T INCLUDE SPECIFIC PROVISIONS TO SUPPORT ADDING RESOLD VADI xDSL TO LOOPS PURCHASED BY AT&T FOR RESALE?**

A. No. Verizon is in the process of developing a new service known as "DSL Over Resold Lines." This service will allow resellers to resell VADI's xDSL service over existing resold voice lines. However, this service is not yet available in Virginia. Both Verizon and VADI must make numerous modifications to their

[66] *NT AT&T/Verizon Arbitration Order* at 61-62.

OSS systems and operational procedures to accommodate this proposed service offering. For example, Verizon must modify its current resale systems to handle the ordering, provisioning, maintenance and billing of such a product. Verizon plans to conduct a trial of the new service in Pennsylvania in late August, and to go into commercial production in that state in September. In cooperation with the New York DSL collaborative, Verizon is developing procedures and processes that will provide access to the high frequency portion of a resold voice line to all requesting collocated xDSL data providers. This service is planned for future deployment.

**Q. SHOULD VERIZON VA'S INTERCONNECTION AGREEMENT INCLUDE SPECIFIC LANGUAGE TO PROVIDE AT&T WITH ADVANCED SERVICES FOR RESALE IN THE CIRCUMSTANCE IN WHICH AT&T SERVES THE END-USER THROUGH A UNE-PLATFORM OR UNBUNDLED LOOP?**

A. No. Even if Verizon VA—as opposed to VADI—provided retail xDSL service (which it does not), the Commission has already found that an ILEC "has no obligation to provide xDSL service over . . . [a] UNE-P carrier loop."[67] Similarly, in its *Line Sharing Reconsideration Order*, the Commission rejected AT&T's argument that ILECs should be required to provide xDSL service to end users who obtain service from a CLEC using UNE platforms, and denied "AT&T's request for clarification that under the *Line Sharing Order*, incumbent LECs are

[67] *SBC Texas 271 Order* at ¶ 330.

not permitted to deny their xDSL services to customers who obtain voice service from a competing carrier where the competing carrier agrees to the use of its *loop* for that purpose."[68] Verizon VA certainly cannot be required to resell xDSL on unbundled loops and platforms when it is not required to provide xDSL on these UNEs in the first place.

AT&T is seeking to circumvent due process which would determine whether ILEC resale obligations extend to providing resale on UNEs. Recognizing the complexity of the issue, the Commission recently found that "resale of DSL services in conjunction with voice services provided using the UNE loop or UNE-platform raises significant additional issues concerning the precise extent of an incumbent LEC's resale obligation under the Act." Therefore, the Commission declined to require Verizon to permit resale of xDSL over lines on which a CLEC provides voice service using a UNE loop or UNE-P. Until these issues can be addressed, Verizon VA should not be required to include such a requirement in the interconnection agreement.

**Q. WILL RESALE SCENARIOS BE ADDRESSED BY THE NEW YORK DSL COLLABORATIVE?**

A. Yes. Verizon VA notes, however, when these scenarios were first raised in the collaborative, most CLECs did not want to address them because they were not a

[68] *Line Sharing Reconsideration Order* at ¶ 26 (emphasis added).

priority line splitting arrangement for them. Therefore, provision of resold xDSL services will be addressed in the future.

## V. ISSUE IV-28: COLLOCATION OF ADVANCED SERVICES EQUIPMENT

**Q. HAVE VERIZON VA AND WORLDCOM REACHED AGREEMENT ON THE COLLOCATION OF ADVANCED SERVICES EQUIPMENT?**

A. It appears that the parties have agreed in principle. While the parties have not agreed upon specific language, they have agreed in principle that Verizon VA will permit collocation of advanced services equipment to the extent required by applicable law. Section 1 of the Collocation Attachment to Verizon VA's proposed interconnection agreement to WorldCom sufficiently provides for the collocation of advanced services equipment to the extent required by applicable law:

> Verizon shall provide to **CLEC, in accordance with this Agreement (including, but not limited to, Verizon's applicable Tariffs) and the requirements of Applicable Law, Collocation for the purpose of facilitating **CLEC's interconnection with facilities or services of Verizon or access to Unbundled Network Elements of Verizon; provided, that notwithstanding any other provision of this Agreement, Verizon shall be obligated to provide Collocation to **CLEC only to the extent required by Applicable Law and may decline to provide Collocation to **CLEC to the extent that provision of Collocation is not required by Applicable Law. Subject to the foregoing, Verizon shall provide Collocation to **CLEC in accordance with the rates, terms and conditions set forth in Verizon's Collocation tariff, and Verizon shall do so regardless of whether or not such rates, terms and conditions are effective.

Verizon VA will be amending its Virginia Collocation tariff to incorporate the requirements of the Commission's collocation rules resulting from Order 01-204 in Docket 98-147 issued August 8, 2001, which become effective September 19, 2001.

Based on WorldCom's July 19, 2001 letter to the Commission outlining its new proposed language on this issue, the Joint Decision Points List filed by the parties on July 27, 2001, and WorldCom's Advanced Services Panel Testimony at 35, it appears WorldCom has withdrawn its specific proposal originally contained in proposed sections 4.2.3 of 4.9.4.2 to the UNE Attachment for how Verizon VA will provide access to the HFPL where DLC has been deployed.

**Q. DOES THIS CONCLUDE THE PANEL'S REBUTTAL TESTIMONY?**

A. Yes.